

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN IMMEDIATE

AMEMBASSY GEORGETOWN IMMEDIATE

AMEMBASSY KINGSTON IMMEDIATE

AMEMBASSY PORT OF SPAIN IMMEDIATE

INFO AMEMBASSY LONDON

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TAGS: EIND, EAGR, BB, GY, JM, TD

SUBJECT:WEST INDIES SUGAR QUOTA ALLOCATIONS - 1974

1. DEPUTY ASSISTANT SECRETARY HARRY W. SHLAUDEMANN CALLED IN AMBASSADORS OF BARBADOS, GUYANA, JAMAICA, AND TRINIDAD & TOBAGO OCTOBER 30 TO RESPOND TO THEIR VARIOUS REPRESENTATIONS ON SUGAR QUOTA PROBLEM. TEXT OF U.S. DIPLOMATIC NOTE WHICH WAS HANDED TO AMBASSADORS REPORTED SEPTTEL.

2. AT THE REQUEST OF WISA WASHINGTON REPRESENTATIVES AND OF THE FOUR WEST INDIAN AMBASSADORS, USDA AND STATE RE-EXAMINED
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THE PREVIOUS BASIS ON WHICH THE 1973 WEST INDIAN DEFICIT

AND 1974 QUOTA ALLOCATION WERE COMPUTED. IN SO DOING, THE TWO DEPARTMENTS PROCEEDED ON THE PRINCIPLE THAT CONGRESS DID NOT INTEND SECTION 202(D)(4) SANCTIONS TO PENALIZE THE QUOTA COUNTRY TO THE EXTENT THAT ITS 1974 ALLOCATIONS WOULD BE SIGNIFICANTLY LOWER THAN ACTUAL SHIPMENTS DURING 1973. SINCE USDA HAD NEVER BEFORE CONFRONTED A CASE IDENTICAL TO THAT OF THE WEST INDIES (SHORTFALLS EXCEEDING BASIC AND TEMPORARY QUOTAS CAUSED BY SHIPMENTS TO THIRD COUNTRIES) THE METHOD OF CALCULATION OF THE SECTION 202(D)(4) REDUCTION WAS FOUND TO BE SUSCEPTIBLE TO VARIOUS INTERPRETATIONS. SHLAUDEMAN INFORMED THE AMBASSADORS ORALLY (REPEATED IN THE NOTE) THAT USDA HAS FOUND IT POSSIBLE TO ESTABLISH INITIAL 1974 QUOTA ALLOCATIONS FOR THE WEST INDIES OF APPROXIMATELY

40,000 SHORT TONS, RAW VALUE. THIS FIGURE WILL CHANGE IF USDA REVISES THE CONSUMPTION ESTIMATE FOR THE U.S. OR IF ADDITIONAL DEFICIT DECLARATIONS OCCUR DURING 1974. IT MAY ALSO CHANGE (DOWNWARD) IF THERE IS A FURTHER SHORTFALL IN 1973 WEST INDIAN SHIPMENTS TO THE U.S.

3. SHLAUDEMAN REMINDED THE AMBASSADORS OF THE EXTENSIVE AND INACCURATE ALLEGATIONS MADE IN THE WEST INDIAN PRESS TO THE EFFECT THAT THE SUGAR QUOTA REDUCTIONS WERE SOMEHOW RELATED TO THE RECENT ESTABLISHMENT OF RELATIONS WITH CUBA BY THE COMMONWEALTH CARIBBEAN. HE EMPHASIZED TO THE AMBASSADORS THAT THE REDUCTIONS ARE MANDATORY UNDER A CLEARLY-WORDED PROVISION OF THE U.S. SUGAR ACT, THAT THEIR 1974 QUOTA ALLOCATIONS HAVE INDEED BEEN CUT, AND THAT THERE NEITHER WAS NOR IS ANY RELATIONSHIP BETWEEN THE SUGAR QUOTA ACTION AND U.S. OR CARIBBEAN POLICIES, FOREIGN OR DOMESTIC.

4. THE AMBASSADORS EXPRESSED THEIR APPRECIATION FOR THE UNDERSTANDING ATTITUDE OF THE USG IN DEALING WITH THE SUGAR PROBLEM AND ASSURED US THAT, CONTRARY TO PRESS STATEMENTS WHICH HAVE APPEARED IN THE REGION, THEIR RESPECTIVE GOVERNMENTS RPT GOVERNMENTS WERE FULLY AWARE THAT THE QUOTA CUTS WERE REQUIRED BY LAW AND UNRELATED TO THE CUBAN QUESTION. WE DID NOT RAISE THE NEW NATION ARTICLE REPORTED LIMITED OFFICIAL USE

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IN GEORGETOWN 1587 AS IT SEEMED TO BE INAPPROPRIATE IN THE PRESENCE OF THE OTHER AMBASSADORS. IN FACT, WE ARE NOT AT ALL CERTAIN THAT THE GUYANESE AMBASSADOR IS EVEN AWARE OF THE ARTICLE'S PUBLICATION. (FOR GEORGETOWN: IN VIEW OF FACT THAT WE WERE ABLE TO CLEAR NOTE AND ARRANGE FOR IT TO BE PASSED TO AMBASSADORS TODAY, WE NOW PLAN NO RPT NO SEPARATE MEETING WITH AMBASSADOR TALBOT.

5. THE INITIAL 1974 QUOTA ALLOCATION FOR THE WEST INDIES APPROXIMATES THE VOLUME OF SUGAR WHICH THE WISA REPRESENTATIVE BELIEVES WILL BE AVAILABLE FOR EXPORT AFTER THE FOUR COUNTRIES MEET QUOTA OBLIGATIONS UNDER THE COMMONWEALTH SUGAR AGREEMENT. FROM THE DEPARTMENT'S VIEWPOINT, THE WEST INDIES NOW HAVE A QUOTA WHICH THEY BELIEVE THEY WILL BE ABLE TO FILL AND--BETWEEN THE U.S. AND THE CSA--GUARANTEED 1974 MARKETS FOR VIRTUALLY ALL OF THEIR EXPORTABLE PRODUCTION.

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